

Explaining Union Organising During Corporate Mergers

Peter Hyllman¹ & Oskar Gunnarsson

Stockholm School of Economics

SSE/EFI Working Paper Series in Business Administration

No 2005:12

October, 2005

Abstract

With the emergence of transnational corporations and the resulting internationalisation of union co-determination, unions are found to organise themselves ineffectively in order to deal with this development. This paper attempts to offer a preliminary explanation as to why unions organise themselves in any given way during corporate mergers. A major literature review as well as an in depth case study constitute the basis for the explanation provided in this paper. Our literature study identify five major ideals of union organising, shaping the ways in which unions organise themselves in order to maintain legitimacy. Our in depth case study reveal how these ideals come into play in practice and how actors in a union organising process (re)produce these ideals in resolving issues regarding organisational identity and governance. We integrate our findings in presenting a conceptual model of union organising within transnational corporations, highlighting the diverse interrelationship between ideals as well as between ideals and actors.

¹ Address: Center for People and Organization, Stockholm School of Economics, Box 6501, SE-113 83, Stockholm. E-mail: peter.hyllman@hhs.se.

Explaining Union Organising During Corporate Mergers – A Case Study Of Nordea Union

INTRODUCTION

During the 20th century, unions have achieved a strong position not only towards corporations but also inside corporations. Through the different enforced acts of co-determination during the 1970s, the unions' role in corporate decision-making structures was established as well as formalised. One consequence of this development was the emergence of so called local union structures, that is formal union organisations at the corporate level as distinct from the traditional union organisations at the industry or national level. These local union structures are formally a part of some industry level union, however they often have an autonomous hierarchy. As local unions was expected to take an active part in the internal development of corporations, these developments can be expected to have an effect on the way local unions, and thus unions in general, organise.

One major such form of corporate development is corporate mergers. By mergers we mean within the context of this paper 'mergers-of-equals'. In the 20th century, the frequency of corporate mergers has increased. During the 1990s, the last and greatest of four so called merger waves during the 20th century took place with an annual merger volume in terms of capital value of around 1200 billion US dollars (Larsson & Wallentin, 2001). Corporate mergers are relevant to unions for a number of different reasons. Primarily though, mergers are often decided on with a purpose of realising economies of scale. This often involves significant cost reducing measures which more often than not means reducing the number of employees.

In this context, questions arise whether or not local unions from the two different merging companies should cooperate during and after the corporate merger process. Cooperation is made difficult as the interests of the local unions involved may be mutually exclusive. One other factor making cooperation difficult appears during so called cross-border corporate mergers when cultural and institutional differences complicate negotiations. On the other hand, unions not cooperating may be played out against each other by the management, thereby loosing even more in terms of influence and subsequent benefits for its members.

These issues have seldom been explored and even less so from an organisational perspective. An initial effort was made in a field study conducted during the spring of 2003 (Hyllman & Gunnarsson, 2005) of 14 cases of corporate mergers, focusing on how local unions organise themselves as a response to the corporate merger. As most of the studied cases involved cross-border mergers, they can be seen as examples of a process of internationalisation. The studied cases consisted of all mergers between 1995 and 2002 with at least one Swedish part. In short, we found that in eleven (11) of the cases, union influence had been reduced as a result of the merger. In each of these cases, unions had chosen to organise themselves i) *unilaterally*, i.e. without any closer cooperation with other unions involved in the merger process, ii) *locally*, without any interaction with the central union to which it belonged, and iii) *at strategic level*, in other words without participating at the operative level of the corporate merger process. In the other three (3) cases, union influence had either been maintained or, in two of these cases, increased. In each of these three cases the unions had organised themselves multilaterally and at

an operative level. Two interesting implications followed from this study. First, it is clear that cooperation is beneficial to unions. Second, such cooperation seems unusual and consequently, that unions generally tend to organise themselves ineffectively as a response to corporate mergers in trying to manage the internationalisation of business and co-determination. As national and institutional differences were found insufficient to fully explain these findings, our study suggested that further studies were needed to explain why unions organise themselves in any given way during corporate mergers. This paper is an attempt to address this need. To do this, we construct a preliminary model of union organising based on a review of previous research. We later employ this model on a longitudinal case study of the union organising process within Nordea Union during 1997 and 2003.

We chose our in depth case study based on a number of different criterias. First, we wanted it to be a successful case since we believed the learning potential to be greater from such a case. Second, we wanted it to be a cross-border merger as we would otherwise lose an important dimension of the union organising process. We decided upon Nordea Union, studying its organising process between 1997 and 2003. This means the case study was partially retrospective. The advantage of is being able to see outcomes and effects of decisions made as well as make room for more nuanced and thought-through reflections. The downsides include memory gaps, rationalisations as well as formation of “collective truths”. Overall, these downsides has to our judgment not been dominant in this case. Data was primarily collected through the use of semi-structured interviews. In total, 18 interviews was conducted with a broad spectrum of representatives within Nordea Union as well as within the management of Nordea. In addition to interviews, documents of different formats such as policy documents, annual statements, press releases and internet material was studied and used as empirical material. All data and case descriptions has been verified with representatives of Nordea Union.

MASTER IDEAS ON UNION ORGANISING – A REVIEW OF PREVIOUS RESEARCH

Assumptions and values, norms and beliefs are recurrent phenomena in every organisation. One way of labelling these is a collection of common, if sometimes contradictory, organising ideas (Hellgren & Löwstedt, 1997:49). This form of preconceptions usually demonstrate a significant degree of stability, some preconceptions are so stable that they resist proof that the underlying thought structure is flawed (Fiske & Taylor, 1984:171). Union representatives choices of organising strategies during corporate mergers appear as one possible example of this phenomenon. Every existing idea does not have the same impact on the organisation and its activities. In the interaction between the different ideas, some emerge as dominant and become guiding lights to the organisation. Normann (1975:30) call these “winning” ideas within a organisation dominant ideas. Another way of labelling these ideas is as *master ideas*. These ideas often become dominant in the public rhetoric within and outside the organisation and are thus able to influence peoples’ actions.

As preconceptions are expressed in different ways and made a natural part of the rhetorical space within an organisation, they influence actual processes within organisation. This perspective carries the implicit notion that these preconceptions are perceived and interpreted in different ways by actors within the organisation (Czarniawska & Sevón, 1996). As rhetorical resources,

these preconceptions allow themselves to be captured scientifically using discourse methodology (Berglund, 2002). Based on these propositions, we scanned a total number of 76 empirical research reports on union organising. We reviewed these studies with the purpose of mapping ideas on how unions “should be” organised. These categories of ideas were self generated in the sense that they emerged as blocks of text were classified. A text that could not be placed within an existing category led to the creation of a new category. The overall criteria for the classification was perceived similarity. In total, this review led to the forming of ten specific categories, of which five categories were the significantly largest counting the number of included research reports. We regard these five categories as candidates for master ideas on union organising. They are presented in figure 1 below and form our preliminary model on union organising during corporate mergers.

A common feature of these master ideas is that they each add or reduce legitimacy to any given form of union organising. An organisation not adhering to the idea of “democracy” will appear as illegitimate to most of its stakeholders the same way that an organisation not perceived to be “efficient” will lose legitimacy as it does not appear to be accomplishing anything. If the union does not correspond to the idea of “policy”, the union will have problems of legitimacy towards the central union of which it is a member. On the other hand, if the unions does not reflect the idea of the “corporation”, it will be regarded as less legitimate by the corporate management thereby reducing their ability to exert influence. In these ways, these master ideas can be said to express stakeholders’ and the environment’s expectations and restrictions on the unions and the ways in which the unions choose to organise.

Dominating Ideal:	Frequency:	Example of references:
" <i>Democracy</i> ". Unions organize themselves in any given way in order to best protect its members' rights and views and guarantee that its decisions and activities are democratically arrived at.	27	Jobring (1980) Jonsson (1995) Chaison (1997)
" <i>Policy</i> ". Unions organize themselves in any given way because it corresponds to the organization's political purpose and its role as a part of a larger union movement.	22	Berg & Jonsson (1991) Ramsay (1997) Galenson (1999)
" <i>Efficiency</i> ". Unions organize themselves in any given way because it is perceivably the best and quickest way in which the union can execute its mission statement.	18	Michels (1911) Normark (1994) Eriksson m fl (2002)
" <i>Nation</i> ". Unions organize themselves in any given way to adopt to national legislation and institutions as well as local cultural norms and values.	18	Turner (1991) Sverke (1997) Weston & Lucio (1997)
" <i>Corporation</i> ". Unions organize themselves in any given way to reflect the corporate structure in order to maintain flexibility as well as bargaining space and decision-making authority at a local level.	14	Haworth & Ramsay (1984) Elvander (1995) Wills (1998)
Figure 1: Dominating Ideals of Union Organizing		

It is however difficult to say anything more substantial regarding these master ideas’ significance in a localised context. One reason for this is that the ideas themselves are not objective entities, rather they are interpreted and used within the local context and are thereby “given” a certain meaning. Likewise, the existence of these ideas does not rule out organisational choice. There

are any number of ways in which it is possible to fulfill the idea of “efficiency”, for example. Also, we know nothing of any possible interrelations between these five master ideas. Are they complementary or substitutional of each other? Is there any specific hierarchy between them? To sort out these issues, we chose to look closer on one specific case of union organising: Nordea Union’s organising process between 1997 and 2003 as a result of the four mergers leading to the creation of the Nordic financial actor Nordea.

THE DREAM OF A NORDIC UNION – THE CREATION OF NORDEA UNION

The first building block in the construction of the Nordic financial group Nordea was put in place in 1997 with the merger between Finnish Merita and Swedish Nordbanken, forming the finnish-owned company of MeritaNordbanken. During 2000, the last two building blocks, Danish Unibank and Norwegian Kreditkassen, was added. The dream of a Nordic bank had been launched in the middle of the 1990’s by the then chairman of Nordbanken, Jacob Palmstierna along with Nordbanken’s CEO at the time, Hans Dalborg. As the bank’s top management dreamed of a nordic bank, the premier union representative within Nordbanken dreamt about the creation of a Nordic union within Nordea.

Within Nordea, there exist mainly four local unions, each representing one of the four banks and each being clubs within a respective national trade union. We will for practical reasons label these local unions Nordbanken Union, Merita Union, Unibank Union and Kreditkassen Union. The emerging union organisation will during the first stage of the merger process be called MeritaNordbanken Union and subsequently, in the latter stages, Nordea Union.

The First Wave (1997-2000)

The first wave of the merger process started with the decision to merge Finnish Merita and Swedish Nordbanken. The new company, MeritaNordbanken, was registered in Finland and it was therefore not obvious that the unions would retain their right of board representation. Even so, it was decided to keep the unions on the board as the alternative would mean, in the words of one top manager: “putting the first nail in the merger’s coffin”. The representatives of Merita Union and Nordbanken Union met early in order to get to know each other and to discuss potential collaboration. These contacts were facilitated by already established personal relations between the two organisations through the Confederation of the Nordic Bank, Finance and Insurance Unions (NFU), a Nordic umbrella organisation for the national unions within the finance and insurance industries.

The general perception of the merger was that it was relatively unproblematic from a union perspective since it involved two banks from different countries. This perception was based on the idea of the “*nation*” as a natural form of differentiation between the different parts of the bank, which was enhanced by the bank’s limited view so far that market coverage was more important than realising cost synergies through increased coordination. The result of this first meeting was a decision to share the formal rights of union representation on the board between Merita Union and Nordbanken Union.

Apart from this, more elaborate forms of union collaboration were discussed. Three alternatives for union organising and collaboration were presented. In a declining degree of ambition and integration, these alternatives proposed the initiation of a Nordic co-determination agreement, a joint group council and the establishment of a so-called 'European Works Council' (EWC). The decision was to form a joint group council for the exchange of information and consultation together with the Group management. Simultaneously, it was decided to start an informal forum for dialogue between the two unions prior to the meetings in the Group council. This was a first seed in the creation of MeritaNordbanken Union. One possible reason for choosing this alternative and not a more integrated form was that the company's integration was not very far gone. One other possible reason was that doubts towards a Nordic co-determination agreement instead of national agreements were based on a will to keep bargaining rights at a national level. In this way, we are able to see how a set of ideas based on the preconception about the "nation" is a focal point of union organising.

During 1999, a research project financed by NFU was finished, titled "Co-determination and union influence in pan-nordic financial groups" (Byrkjeland, 2000). In the report, it is confirmed that:

"...in the short run it should be the ambition to create formalised and continuous collaboration between national unions. This is the basis between pan-national systems of co-determination and a precondition for effective action towards group managements. /.../ A minimum requirement should be the creation of a pan-national task force with a reasonable number of meetings and staff."

Based on this report, NFU recommends the formation of so-called Nordic task forces. This is done by referring to the idea of "efficiency", it is argued that the current Nordic union organising is insufficient to maintain a desired level of influence towards the companies. In discussion with the union representatives within MeritaNordbanken Union, it is agreed to form such a Nordic task force. In reality, this means formalising the already existing informal dialogue forum established between Merita Union and Nordbanken Union. The task force is the first formal step towards what would later be Nordea Union Board (NUB). NFU makes one substantial amendment to the recommendations presented in the research report: they establish themselves as a part of this task force. As NFU is an umbrella organisation for the national unions, this could be seen as an expression of the idea of "policy", where the national unions attempt to increase their position within MeritaNordbanken Union's organising process. The introduction of task forces at NFU's initiative and with NFU participation is also a way of claiming the position of the national union in a process leading away from national structures. This way it is illustrated how the idea of the "nation" is circling in the background.

The Second Wave (2000-2003)

During 2000, both Unibank and Kreditkassen became a part of Nordea. Likewise, Unibank Union and Kreditkassen Union became full-fledged members of the local union Nordea Union, albeit at different points in time. Unibank Union entered Nordea Union at the beginning of the year while Kreditkassen Union joined later due to a slow and somewhat tempestuous political process. The principle of shared board representation remained, thus keeping the dream of a Nordic union.

Unibank Union brought a somewhat different union perspective to Nordea Union, a perspective that to a larger degree focused on business objectives and on the "corporation" as idea, more clearly identifying with the survival and development of the company rather than the union movement as such. This is initially developed by a management representative, while the difference in perspectives is subsequently explained by a Swedish union representative with national differences, i.e. differences related to the idea of the "nation".

"One could use a metaphor and talk about the new bank and the old bank. The union is very much the old bank. At least in Sweden. It is a big difference in Denmark. They have a more business oriented view. Our survival depends upon this company. Not our collective political orientation."

"Denmark is to a high degree characterised by their history as a nation of trade whereas Sweden traditionally is an industrial nation. [Unibank Union] is also in their union work more focused on what they call the business objectives, they are more company oriented in that regard."

The first short-term effect on the union organisation due to the entrance of Unibank Union was a formalisation of existing structures and processes. Among other things, the former task force was now formalised into Nordea Union Board with three representatives from each country. New demands was placed on the Group council established in collaboration with the company management. These demands included specific guidelines for meeting procedures as well as an evolution from being forum for exchange of information to conducting negotiations to a larger degree. Discussions was also initiated regarding the start of a pan-nordic negotiating body at the business area level, a project labelled 'consultative committees'. Put together, this development started raising demands for a more formalised and executive organisation within Nordea Union.

At approximately the same point in time, about mid-2000, the Structure Committee, a task force within NFU consisting of representatives from each national union, presented their findings. The Committee had been initiated at the end of 1999 in order to further discuss the need for guidelines for elected officials in Nordic groups. Starting from Byrkjeland's research report, the formation of so called "task forces" was again recommended. It was also suggested that this system was "expanded and developed in close interaction with NFU, the national unions and elected officials in different local unions". Due to slow organisational processes, Nordea Union had earlier removed NFU and the national unions from their internal task force. The Committee here chooses to express a concern that the local union organising in different groups, with a clear hint at Nordea, does not take place in close enough interaction with NFU. This way, the Committee gives voice to the opinion that the ever stronger ideal of the "corporation" does not conform to a maintained ideal of "policy".

As the company during 2001 started what was called a "second wave of integration", meaning attempts to start realising cost synergies and economies of scale to a higher degree, new demands were put on the union organisation. An observable action during this period was to realise the idea about so called 'consultative committees'. The objective was to be able to achieve coordinated negotiations across national borders and avoid destabilising negotiations in several countries at the same time. Another objective was to allocate negotiating rights as close to the actual business as possible and also to involve union officials at lower levels within Nordea Union. Although it was perceived as a necessity for Nordea Union to organise themselves in this way, it was noted that it created a rift between the "Nordic at central level and the national at local level" as one representative of the top management put it. Again, the emerging contrast between the ideas of "corporation" and "policy" is highlighted as a very real problem. The fact that

the idea of 'consultative committees' was still realised can be understood by observing its link to two other ideas: "democracy" and "efficiency". 'Consultative committees' was motivated both as being a tool for a more effective union organisation as well as being a democratic tool with which Nordea Union, based on an idea of "corporation", could close the distance to its members and involve these in the Nordic organising process. In basing 'consultative committees' on these ideas, the project is given a more solid base than what would have been the case if only one idea were used. In the words of one union representative who participated as a member of three such 'consultative committees':

"I don't know from where the idea of consultative committees came, but since the bank is divided into business areas we needed to match their organisation. Besides, consultative committees works fine, they fulfill a democratic function."

A second committee linked to NFU, the "New Structure Committee", wraps up their work at the end of 2001. With a similar composition as its predecessor, this new Committee discusses the effects of the Nordic local union development within the financial sector. It is noted that the development within different local unions vary and that some, by which Nordea Union is clearly implied, does not "feel the need of union experts participating in the local union's work but would rather do the job themselves". The New Structure Committee also notes that it would be in the local unions' own interest to gain access to the national unions' expertise but also that it is in the:

"...national unions interest to maintain contact with the local unions in order for these to not become too independent and large leading to a weakened solidarity within the national unions. /.../ The Committee recommends that one person from one of the NFU union's central offices is tied to each local union. /.../ It is important to clarify the function and role of these persons."

This statement from the final report of NFU's New Structure Committee thus explicitly notes the emerging contradiction between the two ideas "policy" and "corporation". The recommended method by the Committee in order to balance this development towards the idea of "policy" is to repeat the earlier Structure Committee's recommendation of national union representatives in the local unions. The role and function of these representatives is not clarified this time either.

During 2002, the fast paced development in Nordea leads to a suggested organisational reform within Nordea Union. This proposal is designed and presented by representatives of Unibank Union and contains two main points: 1) a formalisation of NUB, and 2) the creation of a common, single union spokesperson within Nordea Union. A basic idea was also to establish formal routines for how the pan-nordic organisation was meant to work in order to enable the creation of trust among the different parties. The reform was mainly motivated with arguments centered around the idea of "efficiency". The intention was to make it clear to the company that they were negotiating with one union and to communicate a more unified approach and to signal more collective strength than what had previously been the case.

The controversial part of the suggested reform was the creation of a Nordic spokesperson. The arguments based on "efficiency" that was being used to support the reform was met by arguments based on the idea of "democracy" and, more indirectly, on the idea of the "nation". It was said that the creation of a single spokesperson would lead to Nordea Union "loosing touch with its members" and that too much focus would be placed upon one person. In conjunction with this, a maintained connection to the national union was construed as a guarantee for a preserved contact

with the members. As one Swedish union representative summarised the thoughts surrounding the proposal:

"There were many doubts about the Danish proposal. There was a risk that we would end up farther away from our members and for our national organisations to end up in the backwater. There is a risk of us over-organising ourselves and there were also critical voices about the suggested 'steering committee'. The idea of a spokesperson was rejected. It was too much focus on one person. It is not a necessary focus. All four [local union chairmen] must be able to represent the organisation."

In spite of democratically based arguments, the perceived need to further coordinate activities within Nordea Union remained. Among the alternatives of letting NUB be the coordinating forum and electing a Nordic spokesperson, a third route was chosen as a compromise: the creation of a so called 'steering committee'. This forum consisted of the four national local union chairmen and practically formalised an executive committee within NUB.

'Steering committee' struck a balance between arguments based on either "efficiency" or "democracy". This did not eliminate criticism regarding this construction, in fact based on both of these ideas. Those who for democratic reasons rejected the idea of a Nordic spokesperson were for similar reasons critical towards a 'steering committee' as it implied an additional organisational level above NUB. Those who had argued for a Nordic spokesperson viewed a 'steering committee' as a less effective as well as less democratic solution. According to them, the formalisation of a 'steering committee' led to decisions being transferred away from the elected officials within NUB to the smaller circle of people within the 'steering committee', making its mandate unclear. This discussion shows how different actors constructs a given idea, "democracy", in fundamentally different ways. Where some people constructs "democracy" based on which organisational level to which influence is centered and equates democracy with direct participation, others, illustrated by the Danish position, view "democracy" as manifested in the formal routines and processes that defines the relationship between various constituents within an organisation. In the case, these differences lead the proposition of a spokesperson to being viewed by some actors as democratic while at the same time being viewed as undemocratic by other actors. The same thing is the case for the idea of a 'steering committee'. Though never explicitly addressed, these differences can clearly be derived from national differences and the idea of the "nation" therefore exists as a silent, obvious explanation for these different ways of looking at for example "democracy". Swedes and Norwegians work with somewhat different definitions while Danes work with yet another. Finns on the other hand, seem to work with a much different definition, however this one does not come into play much in the Nordea Union organising process.

The general development thus far, up until the New Year of 2002/03, had led to an ever more evolved and integrated organisation within Nordea Union. Starting out as a fundamentally federative structure, the organisation had been "stitched together" more and more through for example 'consultative committees' as the "seams" between the national structures. This development was accentuated by an increasing contradiction between the ideas of "corporation" and "policy" as basic ideals for union organising within Nordea Union. Likewise, the organising process led to a contradiction regarding the governance and control of the organisation, a contradiction starting in the two ideas of "democracy" and "efficiency". Behind all these ideas, the idea about the "nation" emerges as important to the balancing of these sets of ideas. The unity was limited and Nordea Union needed to examine and evaluate their options for the future.

The Third Wave (2003 and onwards...)

In order to define possible future actions a strategic task force was appointed at the end of 2002 with the name of "One Company – One Union". The task force consisted of representatives of the national unions as well as NFU, with one representative from Nordea Union. The task force was assigned to evaluate and discuss three main future options for Nordea Union's organisation: i) continue with national unions without a Nordic level, ii) the creation of a formal Nordic umbrella organisation, and iii) the creation of an independent Nordic union within Nordea Union. The two latter options implies the maintaining of Nordea Union, however with significantly different degrees of integration and independence.

The task force presented its results at the end of the summer of 2003. In its report, the group presented their picture of the vision of "One Union" and gave it a number of characteristics. A list of these include "protecting the interests of the members", "strategic thinking", "adequate competence", "appropriate decision-making structure", "being decisive", "democratically anchored", "an inclusive organisation", as well as "a flexible organisation". All these values relate to some of the basic ideas of "*democracy*" or "*efficiency*". These values are thereafter used as arguments to step-by-step eliminate one of the three identified options. Arguments relating to "*efficiency*" – "strategic thinking", "adequate competence", "decision-making structure", "being decisive", and "flexibility" – are used to eliminate the first option of national unions. The elimination of this alternative takes place in the first paragraph of the task force's report. In the choice between the two remaining options, a Nordic umbrella organisation or an independent Nordic union, the task force employs arguments relating to the idea of "*democracy*" – "protecting members' interests", "democratically anchored" and "an inclusive organisation" – to position its recommendations.

"A precondition for a successful establishment of 'One Union' is for the various union officials to acknowledge, understand and respect the cultures and traditions of the different countries. /.../ To ensure proper anchoring among the members the union officials should take their time. The development of 'One Union' requires political maturity."

The quote illustrates how the task force uses the idea of "*democracy*" to prevent an according to them to far-reaching union integration in the short term. They claim that the thought needs political maturity and should thus be decided at an undecided future point in time. This in conjunction with a clearly formulated preference for the second alternative, a Nordic umbrella organisation, and against the creation of an independent Nordic union.

"In the short run the task force do not feel that the creation of 'One Union' as an independent legal entity is desirable. The important thing at this stage is to act as a cohesive unit to retain influence at a strategic level across national borders. In the task force's opinion, this means a mandate that enables the union officials to enter into a dialogue with the management and make binding decisions on behalf of all members in Nordea at a strategic and Nordic level."

The creation of an independent Nordic union and its subsequent break from the national union structure is contradictory to the interests of the union movement and entails a break against the idea of "*policy*", and the underlying idea of the "*nation*". It is possible that this led to the task force's strong statement against such a development where the issue no longer is to identify opportunities and solutions. Instead a relatively impressive list of problems and "threats" is constructed. The creation of an independent Nordic union is clearly described in terms of competition with the national unions and it's reasonable to wonder whether all possibilities of

co-existence and collaboration was identified and evaluated to the same extent as the identified obstacles.

"Should the union officials in Nordea choose to abandon the national unions the risk of an organisational fight is very high. The probability that the national unions would 'voluntarily' surrender a significant number of its members is low. In the event of an organisational fight the national unions would likely prevent its members from joining 'One Union' och prevent its membership in central organisations such as NFU and UNI. /.../ 'One Union' would need to perform all the tasks and offer all the services that are now offered by the national unions and their organisations."

The task force's final recommendation was the second alternative, the creation of the joint Nordic umbrella organisation of 'Nordea Union'. This basically meant the same degree of integration that Nordea Union had already achieved, albeit with some updates. Among other things the introduction of a Nordic spokesperson was now recommended, something that shortly thereafter was implemented. Simultaneously the Nordic unit's mandate was clarified and enhanced compared with before. Although the development did not proceed as far as creating an independent Nordic union, the third wave of integration brought with it an increased degree of integration within Nordea Union.

The recommendations of the task force came as no surprise to the union officials within Nordea Union. That the recommendation would be the middle alternative was expected since it was the compromise between two extremes. In hindsight, several representatives states the "nation" and national differences as an important reason why it is unlikely that a more independent Nordic solution would emerge as a realistic alternative. It is noted that several national institutions such as labor laws are important to union organising and others mean that national ways of thinking and working still influence much of the union's activities. Another highlighted argument was the importance of preserving the country's uniqueness in relation to the Nordic organisation. A preservation of national structures is also presented as a necessity to maintain the proximity to the members.

A CONCEPTUAL MODEL FOR UNION ORGANISING IN TRANSNATIONAL CORPORATIONS

In our case study of Nordea Union we see our five identified dominating organising ideals (see figure 1) of union organisation emerge empirically. That gives us some support for the claim that these dominating ideas are actual recurring phenomenon that union officials face in union organising processes within transnational corporations. This gives us reason to move on and try to develop this preliminary framework with the help of our case study within Nordea Union.

The Ideas' Status and Interaction

One way of developing our preliminary framework is to highlight the interaction that emerges among the different ideas within the organising process of Nordea Union. Earlier we discussed the possibility that these ideas did not exist independent of each other. Our conclusions now lead us to return to this discussion.

A first dimension is constituted by the two ideas of "democracy" and "efficiency". The issues activating these ideas within Nordea Union usually expresses themselves in the form of discussions related to governance and control of the organisation and this dimension could therefore be characterised as a *governance dimension*. Relevant questions along this dimension is related to the main question of how to manage, control and coordinate union activities. Along this dimension the union need to find a balance between organising itself democratically as well as effectively. Empirically, this dimension emerges during a number of occasions. Every suggested organisational reform presented during Nordea Union's organising process – the creation of a task force, formalising NUB, proposing a Nordic spokesperson, 'steering committee', 'consultative committees', 'One Union' and so on – was characterised in terms of "democracy" or "efficiency". This contradiction was made explicit a number of times by our respondents. We find extensive support for this dimension in previous research (compare with for example Jobring, 1980; Utbult, 1991; Swartz, 1994 and Chaison, 1997). It is therefore reasonable to designate the general validity of this dimension as reasonably high.

A second dimension is construed by the ideas of "policy" and "corporation". Along this dimension, questions of the union's identity is primarily made relevant and this dimension could thus be labelled an *identity dimension*. These dimension asks questions to union officials such as "who are we?" and "what is our purpose?". Along this dimension, the union can choose to identify with the union movement, "policy", or identify itself as a more or less independent organisation that protects the interests of the employees being members in the local union, "corporation". In real life, a balance between these two ideals are presupposed. We find much empirical support for this dimension in our case study of Nordea Union. Especially in policy documents within the national unions and NFU how a developed and too independent company oriented local union structure could threaten the overall solidarity within the union movement. The task force "One Company – One Union" as well paints a clear picture in its report of such a conflict between these two ideals. Previous research does not provide much support for such a relationship, while on the other hand not providing any specific evidence against it. Some studies (Wills, 1998; 2002) discuss how the evolution of corporations lead to a decoupling from national union structures to more company oriented union structures (Northrup & Rowan, 1979; Hawort & Ramsay, 1984). One possible conclusion would be that this relationship is a relatively new phenomenon that emerges as a consequence of the growth in the number of transnational corporations. This would highlight a specific contribution to the body of knowledge from our study. Another perhaps more cautious conclusion would be that this relationship should be viewed as more preliminary than the previous relationship.

A more multi-faceted relationship emerges between the ideal of the "nation" and other ideals within our preliminary framework. As an ideal, it does not seem to have a direct relationship with any specific other ideal but rather seem to be a precondition of every other ideal. Empirically, our case study reveal the ideal of "nation" as having a great significance for how actors in our study perceive what is consistent with "democracy" as well as "efficiency" and the opportunities and restrictions they see in the creation of a transnational/Nordic organisation model. We also show empirically how national legislation and national structures directly and indirectly shape the actors' preunderstanding of how unions should and could be organised. For example, Unibank Union is consistently described as more company oriented than other unions, more closely corresponding to the ideal of "corporation". Previous research provides strong

support for the importance of the ideal of the “*nation*” (see for example IDE, 1980; Turner, 1991; Sverke, 1997 and Piazza, 2002).

A Conceptual Model – Introducing an Actor Perspective

In the conceptual model below, the various dimensions are integrated into an explanatory framework for union organising in transnational corporations. “*Policy*” and “*corporation*” is organised along an identity dimension while “*democracy*” and “*efficiency*” is organised along a governance dimension. A legitimate union organisation has struck a good balance along both these dimensions. These dimensions can be used strategically by actors in order to support or reject a specific model of organisation. These dimensions rest upon and gains substance from a nationally based idea that we choose to call for “*nation*”.

Through our study of Nordea Union’s organising process we have been able to develop our insight into how these dominating ideals are interpreted and applied by important actors in a union organising process. One important analytical conclusion from this study would be the necessity to add an actor perspective to these dominating ideals. By this we simply mean an understanding that these ideals, that can be regarded as structures, does not exist independently of actors participating in and dominating a given union organising process.

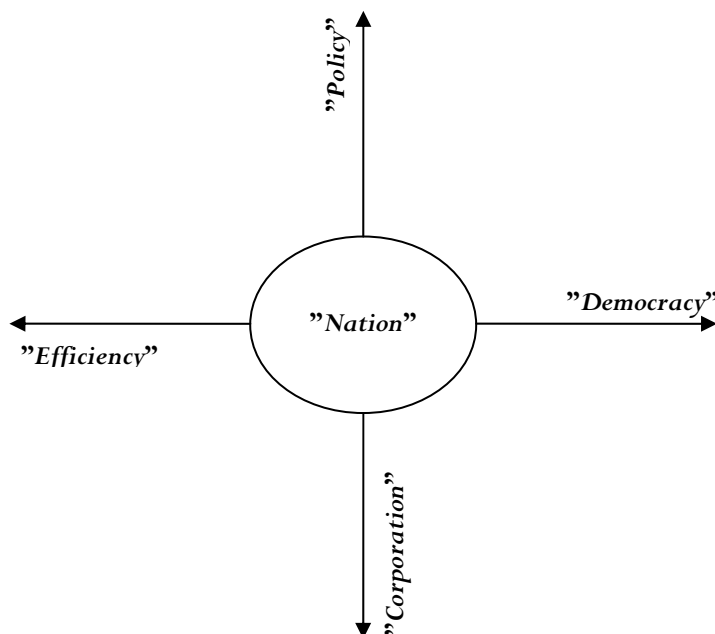


Figure 2: A Conceptual Model for Union Organising in Transnational Corporations

For example, Nordea Union’s organising process demonstrates how one dominating idea can be given different and sometimes contradictory meanings by different actors. One example of this is the arguments surrounding the proposal to introduce a Nordic spokesperson based on the idea of “*democracy*” where some viewed a spokesperson as an undemocratic idea while some viewed it as a more democratic idea than what became the outcome, a ‘steering committee’. We also observe how the dominating ideals are applied differently by the same actors depending on the

temporal and situational context. The very same actors who opposed a spokesperson at a Nordic level did not question the need for having a spokesperson at a national level. Actors also use the ideals strategically in its argumentation for or against a certain organisational model, clearly demonstrated in the “One Company – One Union” task force’s report where the ideas of “democracy” and “efficiency” are used highly intentionally to reject or support various alternatives of organisation. We also see how different actors use the same ideal to argue for or against a specific form of organisation, exemplified by the argumentation concerning the so called ‘consultative committees’ where national differences were argued to necessitate this way of organising while at the same time being used as reasons for why this way of organising could never work in the first place. The conclusion is therefore that these ideals are given shape and substance in a process of social construction which is enacted interactively between a given set of actors.

CONCLUDING REMARKS

One important trait of the conceptual model is its perspective on union organising as a process. It is not meant to contribute with any “right answer” as to how a union should organise itself. We view this model as a conceptual tool with which the shaping of a strategic process within unions is facilitated. By using our conceptual model, actors in a union organising process is given opportunities to position themselves as well as their co-actors. It thus becomes a tool for mapping organisational values, patterns of thought and other distinctive features of any given organisation, thereby enhancing a shared understanding between different union officials within a transnational corporation. The model also helps to explain how come unions organise themselves in a given way during corporate mergers, which was this essay’s initial research question as we were able to demonstrate in the previous essay that unions organise themselves inefficiently during corporate mergers. Any choice of union organisation during corporate mergers would depend upon the participating unions’ position within our model. Inefficient ways of organising, i.e. unilateral forms of organising, would suggest incommensurable or non-negotiated differences in the positions of the participating unions within our framework.

The model could easily be criticised for running the risk of reproducing rather than reducing a dichotomised way of thinking that would impair rather than facilitate a union organising process. One central conclusion is that unions need to balance all organisational ideals in order to keep their legitimacy. A union thus needs to organise itself democratically as well as effectively, against the corporation as well as against the union movement. In this perspective, a union is a multirational organisation. Our model aims to make these dichotomies visible and thereby increase the awareness of them. By this, we believe that the dichotomies are more likely to be problematised than what is the case today when they are allowed to exist in hiding. To what extent the model reproduced a polarised way of thinking is to a higher degree dependent on how one chooses to apply the model rather than on the model itself.

REFERENCES

Berg, P-O & Jonsson, C. (1991). *Strategisk ledning på politiska marknader*. Lund: Studentlitteratur.

- Byrkjeland, M. (2000). *Medbestemmelse og faglig innflytelse i overnasjonale nordiske finanskonsern*. FAFO-rapport 329.
- Chaison, G.N. (1997). "Reforming and Rationalizing Union Structure: New Directions and Unanswered Questions" ur Sverke, M (1997). *The Future of Trade Unionism – International Perspectives on Emerging Union Structures*. Aldershot: Ashgate.
- Czarniawska, B. & Sevón, G. (red) (1996). *Translating Organizational Change*. Berlin: de Gruyter.
- Elvander, N. (1995). *Gränslös samverkan – Fackens svar på företagens internationalisering*. Stockholm: SNS.
- Eriksson, A., Sverke, M. & Hellgren, J. (2002). *Sammanslagning av tjänstemannaförbund: Motiv, hinder och effekter*. Stockholms Universitet, Psykologiska institutionen, Rapport 2002:114.
- Fiske, S. & Taylor, S.E. (1984). *Social Cognition*. New York: Random House.
- Galenson, W. (1998). *The World's Strongest Trade Unions – The Scandinavian Labor Movement*. Westport, Conn: Quorum.
- Haworth, N. & Ramsay, H. (1984). "Grasping the Nettle: Problems with the Theory of Trade Union Internationalism" ur Waterman, P. (red) (1984). *For a New Labour Internationalism*. Haag: ILERI.
- Hellgren, B. & Löwstedt, J. (1997). *Tankens företag – kognitiva kartor och meningsskapande processer i organisationer*. Stockholm: Nerenius&Santerus.
- Hyllman, P. & Gunnarsson, O. (2005). *Exploring Union Organising During Corporate Mergers*. Stockholm, SSE/EFI Working Paper Series.
- Jobring, O. (1980). *Lokal facklig organisering – Facklig verksamhet i komplexa organisationer*. ALI Working Paper Series 1980:33.
- Jonsson, C. (1995). *Ledning i folkrörelseorganisationer – den interaktiva ledningslogiken*. Lund: University Press.
- Michels, R. (1911/1983). *Organisationer och demokrati – en sociologisk studie av de oligarkiska tendenserna i vår tids demokrati*. Uppsala: Ratio.
- Murhem, S. (2003). *Turning to Europe. A New Swedish Industrial Relations Regime During the 1990s*. Uppsala: Acta Universitatis Upsaliensis.
- Normann, R. (1975). *Skapande företagsledning*. Aldus.
- Normark, P. (1994). *Medlemsägda företag – Organisering av strategiska förändringar*. Stockholm: EFI.
- Northrup, H. & Rowan, P. (1979). *Multinational Collective Bargaining Attempts*. Philadelphia: University of Philadelphia Press.
- Ramsay, H. (1997). "Fool's Gold? European Works Councils and Workplace Democracy". *Industrial Relations Journal*, 28 (4).
- Sverke, M. (1997). *The Future of Trade Unionism – International Perspectives on Emerging Union Structures*. Aldershot: Ashgate.
- Swartz, E. (1994). *Ledning och organisering av federationer*. Stockholm: Nerenius&Santerus.

- Turner, L. (1991). *Democracy at Work: Changing World Markets and the Future of Labor Unions*. Ithaca, NY: Cornell University Press.
- Utbult, M. (1991). *Nytt liv i jacket – Att möta 90-talets arbetsgivare*. Stockholm: Arbetslivscentrum.
- Weston, S. & Lucio, M.M. (1997). "Trade Unions, Management and European Works Councils: Opening Pandora's Box?". *International Journal of Human Resource Management*, 8 (6).
- Wills, J. (1998). "Uprooting Tradition: Rethinking the Place and Space of Labour Organization". *European Planning Studies*, 6 (1).
- Wills, J. (2002). "Bargaining for the Space to Organize in the Global Economy: A Review of the Accor-IUF Trade Union Rights Agreement". *Review of International Political Economy*, 9 (4), pp 675-700.